

**SAMPLE TWELVE -MONTH NOTICE TO TENANTS OF OWNER'S  
INTENT TO PREPAY OR TERMINATE  
Pursuant to Government Code 65863.10**

*(use owner's business letterhead)*

Date

Tenant Name

Tenant Address

RE: IMPORTANT INFORMATION ABOUT YOUR ASSISTED RENTAL  
HOUSING

The owner of \_\_\_\_\_ (*insert name of development*) is providing you with this twelve-month notice as required by State law (Government Code Section 65863.10) of their intention to **(owner to insert one of the following three options)**

**Option 1:** end participation in the \_\_\_\_\_ (*insert the applicable mortgage financing program (Section 221(d)(3), Section 236, Section 202/811, Section 515, Section 42)* federal mortgage program (Prepayment) AND terminate the contract for project-based Section 8 rental assistance (Opt-out), when it expires.

**OR**

**Option 2:** end participation in the \_\_\_\_\_ (*insert the applicable mortgage financing program (Section 221(d)(3), Section 236, Section 202/811, Section 515, Section 42)* mortgage program (Prepayment).

**OR**

**Option 3:** terminate the contract for project-based Section 8 rental assistance (Opt-Out) when it expires.

The owner intends to prepay the mortgage on \_\_\_\_\_, and/or terminate (Opt-Out) the Section 8 contract on \_\_\_\_\_ (*insert dates twelve months from date of this letter*). However, the owner may choose not to take these actions.

If the owner takes these actions, this removes the low-income rent restrictions on your unit and the amount of rent you pay could change. The owner will notify you six months before taking any action.

You should not immediately move or agree to move. ***IF YOU MOVE YOU WILL BE INELIGIBLE TO RECEIVE A SECTION 8 ENHANCED VOUCHER THAT WILL HELP YOU PAY THE NEW RENT!*** Changes to your rent will not occur before \_\_\_\_\_(*insert a date twelve months from the date of this letter*).

If the owner terminates the rental restrictions, you may be eligible for a Section 8 Enhanced Voucher. The Section 8 Enhanced Voucher replaces the government assistance that now keeps your rent low. Only tenants who are living at the property on the date the government assistance is ended – date of **PREPAYMENT** and/or **OPT- OUT** – are eligible to receive a Section 8 Enhanced Voucher.

The local housing authority will contact you to determine whether you are eligible to receive a Section 8 Enhanced Voucher and will issue the Enhanced Voucher. Most tenants will qualify for this voucher. If your household receives a Section 8 Enhanced Voucher, your share of the total rent will be either the amount you currently pay for rent or 30 percent of your adjusted monthly income, whichever is more. The voucher will cover the rest of the rent up to the amount allowed by the housing authority and HUD. If your new rent is higher than the housing authority and HUD permits, you will have to move.

Your options and the names of organizations that can advise and assist you are included in the attached information, titled “Tenant Advisory and Options” and “Tenant Resources.” The organizations listed in the “Tenant Resources” have also received this notice. You should consider all of your options before you take any action.

State law requires that you receive another notice, similar to this one, six months from now with information about how much your rent would change and when.

The owner is also required to make an opportunity to offer to purchase the project available to qualified entities including: tenant organizations, nonprofit and for-profit organizations, and public agencies. This exclusive opportunity remains in effect for 180 days. After that time, a qualified entity, that has made an offer to purchase that was not accepted by the owner, has a right of first refusal (counteroffer) for an additional 180 days, if the owner received an offer from a non-qualifying entity. The owner is required to send information about the project and its operations within 15 days of a request to any qualified purchaser.

If you have any questions about this notice, the owner or agent can be contacted at \_\_\_\_\_ ***(insert owner/agent contact names, addresses, telephone and fax numbers).***

Sincerely,

***(insert name of owner or agent)***

Enclosures: Tenant Options  
Tenant Resources

cc: Affected Public Agencies  
California Department of Housing and Community Development,  
Division of Housing Policy Development, Attention:  
PRESERVATION

**TENANT ADVISORY AND OPTIONS  
ATTACHMENT TO NOTICE OF INTENT  
Pursuant to Government Code Section 65863.10**

**Why did I receive the attached Twelve Month or Six Month Notice of Intent?**

The development where you live is privately owned, but government assisted. This means that the owner has maintained lower rents either in exchange for a government benefit, such as a low-interest rate loan on the building or through a Section 8 contract that paid part of the rent on the unit. Some properties receive government assistance from both a low-interest loan and a Section 8 contract at the same time. The notices you receive mean that the owner will be eligible to end the government assistance that kept rents low and charge higher rents on the dates specified in the notice.

When the owner ends government assistance provided through a low-interest loan, this is called a **“PREPAYMENT”**. When the owner decides to end government assistance provided through a Section 8 rental assistance contract, this is called an **“OPT-OUT”**. State law requires the owner to give you a first notice at twelve months; and another, second notice at six months before they make any change that could affect you.

**What does this mean to me?**

It means that your rent may go up. However, if you received a Twelve Month Notice of Intent, nothing will happen for at least 12 months. If you received a Six Month Notice of Intent, nothing will happen for at least six months.

**Should I plan to move?**

You should not immediately move or agree to move. ***IF YOU MOVE YOU WILL BE INELIGIBLE TO RECEIVE A SPECIAL SECTION 8 ENHANCED VOUCHER THAT WILL HELP YOU PAY THE NEW RENT!*** First, you should consider all of your options. You should also know the owner's decision may change.

**What are the owner's options?**

Owners have several options to consider prior to ending participation in assisted rental housing programs. These options include restructuring their federally assisted mortgage, renewing Section 8 subsidy contracts, and/or preserving the project by restructuring, refinancing, or selling to a new owner that agrees to continue to maintain lower rents. All of these options continue government assistance.

However, owners may end participation in the government assistance programs on the dates specified in the notices and convert the development to market rate housing. The owner can keep the property or sell it to a new owner. Either way, rent restrictions will be discontinued. The rent will increase, but you may be eligible for a **Section 8 Enhanced Voucher** that can help you pay the new rent.

### **What is an Enhanced Voucher?**

The Section 8 Enhanced Voucher replaces the government assistance that now keeps your rent low. Only tenants who are living at the property on the date the government assistance is ended – date of **PREPAYMENT** and/or **OPT- OUT** – are eligible to receive a Section 8 Enhanced Voucher!

The local housing authority will contact you to determine whether you are eligible to receive a Section 8 Enhanced Voucher and will issue the Enhanced Voucher. Most tenants will qualify for this voucher. If your household receives a Section 8 Enhanced Voucher, your share of the total rent will be either the amount you currently pay for rent or 30 percent of your adjusted monthly income, whichever is more. The voucher will cover the rest of the rent up to the amount allowed by the housing authority and HUD. If your new rent is higher than the housing authority or HUD permits, you will have to move or pay the difference yourself.

### **What are my options?**

As a tenant, you have two primary options to consider. You can 1) remain in the development or 2) move.

#### **Option 1: You Remain in the Development**

If the property owner ends government assistance by either a PREPAYMENT and/or OPT-OUT they are required by federal law to accept a **Section 8 Enhanced Voucher** for the first year after the conversion to market rents. The owner must continue to accept Section 8 Enhanced Vouchers from tenants in good standing and allow tenants to remain in the building. Enhanced vouchers are renewed yearly.

#### **Option 2: You Move**

If you decide to move out of your development, the Enhanced Voucher can be used to pay rent at other rental properties, but the Voucher becomes a regular Section 8 Voucher. This means other owners do not have to accept the Section 8 Voucher and rent to you. Also the regular Section 8 Voucher will only cover rent up to a set limit - called a **Payment Standard** – established by the local

housing authority. If the rent at an apartment you would like to move into is higher than the Payment Standard, you may not be able to use your Section 8 Voucher. Also the property must be inspected by the housing authority to make sure it is in livable condition.

The local housing authority will advise you on how to use your **Section 8 Enhanced Voucher** to move to another property. You must first be issued your **Section 8 Enhanced Voucher** before you can use it to move. Consult with the local housing authority before you try to use your Voucher to move.

If you no longer qualify to receive Section 8 rental assistance (based on your income and household size or the lack of availability of rental units in your area you will have to pay market rate rents.

**If I choose to move right away, do I give up any options for future rental assistance?**

Yes. If you move before the dates specified in the notices when government assistance will be ended – the date of **PREPAYMENT** and/or **OPT- OUT** you lose any rights to the Section 8 Enhanced Voucher. Although you may still be eligible for other forms of rental assistance, these may be difficult to obtain. It is important to remain in your development, and informed about the status of your subsidy by attending any meetings of tenants held by the owner, HUD, or tenant advocacy organizations.

**What other notices is the owner required to provide?**

To Others: In addition to the Twelve- and Six-Month Notices of Intent to tenants, the owner is required to provide qualified entities (organizations that have the capability to continue long-term rent restrictions) with a Notice of Opportunity to Submit an Offer (and Counter Offer) to Purchase the development. This notice must be provided to Qualified Entities (including tenant organizations) 12 months prior to the prepayment or termination date. At the same time, a copy of this notice must be posted in a common area of your development.

The owner is also required to send a six-month Notice to Public Agencies, including the City and/or County where your development is located. This notice describes the project in greater detail to the local government to assist them in preservation efforts.

To Tenants: The owner and/or their agent must re-notify each tenant household of any proposed changes in the date of prepayment or termination, rent to be charged, or any other changes which may affect tenants within seven business days. This notification is to be sent to the tenant through first class mail (postage prepaid).

**Where can I go for additional information?**

Contact the owner/agent or manager of your development, the housing or planning department of the city or county where you live, the local housing authority, legal resources such as Legal Aid, and your nearest HUD office. Information for these resources can be found on the attached "Tenant Resources" page.

**What other options are available to me?**

If the owner does not comply with all of the requirements of California law regarding the conversion of your development from assisted to market rate rents, you have the option of taking legal action. The local legal services agency identified on the "Tenant Resources" attachment should be able to assist you.

**TENANT RESOURCES**  
**ATTACHMENT TO NOTICE OF INTENT**  
**Pursuant to Government Code Section 65863.10**

Owners are required to inform tenants of the resources available to them as an attachment to the Notices of Intent to prepay a government-assisted mortgage or terminate rent subsidies or restrictions. Tenants should contact the agencies/organizations listed below if they have additional questions or need assistance.

**Affected Public Agency**

City or County where government-assisted development is located

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

**Local HUD Offices**

Local offices of the Department of Housing and Urban Development (HUD) and City or County offices can confirm the status of your government-assisted development and provide additional technical assistance.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

**Local Public Housing Authority**

The local housing authority provides information on Section 8 *Enhanced Vouchers* and the *Tenant Based Rental Assistance Program*. Contact the housing authority to apply for rental assistance and to confirm continued Section 8 eligibility, based on your family size and household income.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

**Area Legal Services Organization**

Questions about tenant rights and owner responsibilities under the State Preservation Notice requirements should be directed to area legal service organizations.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_